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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, DECEMBER 19, 2000

APPLICATION OF

VERIZON ADVANCED DATA - VIRGINIA INC.
f/k/a BELL ATLANTIC NETWORK DATA -
VIRGINIA, INC.

CASE NO. PUC000181

For certificates of public
convenience and necessity to
provide local exchange and
intraLATA interexchange
telecommunications services

FINAL ORDER

On September 7, 2000, Verizon Advanced Data - Virginia Inc. f/k/a Bell Atlantic Network Data - Virginia, Inc. ("VADVA" or "Applicant"), completed an application with the State Corporation Commission ("Commission") for certificates of public convenience and necessity ("certificates") to provide local exchange and intraLATA interexchange telecommunications services throughout the Commonwealth of Virginia. The Applicant also requested authority to price its intraLATA interexchange telecommunications services on a competitive basis pursuant to § 56-481.1 of the Code of Virginia.

By Order dated October 3, 2000, the Commission directed the Applicant to provide notice to the public of its application, directed the Commission Staff to conduct an investigation and

file a Staff Report, and scheduled a public hearing to receive evidence relevant to VADVA's application.

On October 13, 2000, Cavalier Telephone, LLC ("Cavalier"), pursuant to Rules 4:6 and 5:16(a) of the Rules of Practice and Procedure of the Commission, filed a Notice of Protest to VADVA's application. On November 15, 2000, Cavalier filed its Protest; and on the same date comments were filed by the Association of Communications Enterprises ("ASCENT").

On December 5, 2000, the Staff filed its report finding that VADVA's application was in compliance with 20 VAC 5-400-180, the Rules Governing the Offering of Competitive Local Exchange Telephone Service ("Local Rules"), and 20 VAC 5-400-60, the Rules Governing the Certification of Interexchange Carriers ("IXC Rules"). The Staff's Report also discussed the Federal Communications Commission's ("FCC") requirements regarding the formation of a separate data affiliate to provide advanced services. Based upon its review of VADVA's application and unaudited financial statements, the Staff determined it would be appropriate to grant both local exchange and intraLATA interexchange certificates to the Applicant subject to three conditions: (1) any customer deposits collected by VADVA be retained in an unaffiliated third-party escrow account until such time as the Staff or Commission determines it is no longer necessary (VADVA has agreed to provide for a bond in lieu of an

escrow account); (2) VADVA shall provide audited financial statements of its immediate parent, Verizon Advanced Data, Inc., to the Division of Economics and Finance no later than one (1) year from the effective date of VADVA's initial tariff; and (3) at such time as voice services are initiated by the Company, VADVA shall comply with all requirements of § C (Conditions for certification) of the Local Rules.

A hearing was conducted on December 19, 2000. At the hearing, the application and accompanying attachments, the Staff Report, testimony, rebuttal testimony, and proofs of publication and notice were entered into the record without objection. The direct testimony of Thomas A. Kiernan was offered by VADVA at the hearing. All parties, including protestant Cavalier, were afforded the opportunity for cross-examination of witnesses. No public witnesses appeared at the December 19, 2000, hearing. VADVA agreed to the conditions contained in the Staff Report.

The Commission on this date has approved the request of Verizon Virginia and Verizon South in Case No. PUC000275 for withdrawal of intrastate advanced services and the transfer of existing customers to VADVA. Accordingly, the following two additional conditions recommended by Staff and agreed to by VADVA will be imposed: (4) VADVA shall submit initial tariffs for intrastate advanced services that contain the same terms and conditions and do not exceed the rates of those services

currently available from the intrastate tariffs of Verizon Virginia and Verizon South; and (5) VADVA shall not increase its prices for ATM, Frame Relay, SMDS, and TLS Services without obtaining permission from the Commission for alternative treatment for these services pursuant to 20 VAC 5-400-180 D 3 d.

NOW UPON CONSIDERATION of the application, supplements, testimony, rebuttal testimony, and the Staff Report, the Commission finds that VADVA's application should be granted. Having considered § 56-481.1 of the Code of Virginia, the Commission also finds that, with the exception of ATM, Frame Relay, SMDS, and TLS Services, VADVA may price its intraLATA interexchange telecommunications services competitively.

Accordingly, IT IS ORDERED THAT:

(1) Verizon Advanced Data - Virginia Inc. f/k/a Bell Atlantic Network Data - Virginia, Inc., is hereby granted a certificate of public convenience and necessity, No. TT-123A, to provide intraLATA interexchange telecommunications services subject to the restrictions set forth in the IXC Rules, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(2) Verizon Advanced Data - Virginia Inc. f/k/a Bell Atlantic Network Data - Virginia, Inc., is hereby granted a certificate of public convenience and necessity, No. T-529, to provide local exchange telecommunications services subject to

the restrictions set forth in the Local Rules, § 56-265.4:4 of the Code of Virginia, and the provisions of this Order.

(3) Pursuant to § 56-481.1 of the Code of Virginia, with the exception of ATM, Frame Relay, SMDS, and TLS Services, VADVA may price its intraLATA interexchange telecommunications services competitively.

(4) VADVA shall provide tariffs to the Division of Communications that conform to all applicable Commission rules and regulations.

(5) Should VADVA collect customer deposits, it shall establish and maintain an escrow account, held by an unaffiliated third party, for such funds, or provide a bond in lieu thereof, and shall notify the Division of Economics and Finance of the arrangement. Any escrow arrangement or bond established pursuant to this Order shall be maintained for such time as the Staff or Commission determines is necessary.

(6) VADVA shall provide audited financial statements of its immediate parent, Verizon Advanced Data, Inc., to the Division of Economics and Finance no later than one (1) year from the effective date of VADVA's initial tariff.

(7) At such time as voice services are initiated by VADVA, the Company shall comply with all the requirements of § C (Conditions for certification) of the Local Rules.

(8) In addition, in accordance with the Order issued this date in Case No. PUC000275, the following two additional conditions shall apply:

A) VADVA shall submit initial tariffs for its intrastate advanced services that contain the same terms and conditions and do not exceed the rates of those currently available from the intrastate tariffs of Verizon Virginia Inc. and Verizon South Inc.

B) VADVA shall not increase its prices for ATM, Frame Relay, SMDS, or TLS Services without obtaining permission from this Commission for alternative treatment for these services pursuant to 20 VAC 5-400-180 D 3 d.

(9) There being nothing further to come before the Commission, this case shall be dismissed and the papers herein placed in the file for ended causes.